

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Bellevue Community Fire Control Board

Eaton County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2008

Bellevue Community Fire Control Board

Eaton County, Michigan

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March 31, 2008

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INDEPENDENT AUDITORS' REPORT


To the Board
Bellevue Community Fire Control Board
Eaton County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund information of Bellevue Community Fire Control Board as of and for the year ended March 31, 2008, which comprises the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bellevue Community Fire Control Board management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Bellevue Community Fire Control Board as of March 31, 2008, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



Grand Rapids, Michigan
July 14, 2008

Bellevue Community Fire Control Board

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide financial statements.

The Authority as a Whole

The Authority's combined net assets decreased 0.3% from a year ago, decreasing from \$385,023 to \$383,917. The Authority experienced small increases in charges for services and in expenses. The Authority is in the process of having a fire truck built. It expects to take delivery in the next fiscal year.

In a condensed format, the table below shows a comparison of the net assets as of March 31, 2008 to the prior year:

	Year ended March 31, 2008	Year ended March 31, 2007
Current assets	\$ 30,003	\$ 23,495
Noncurrent assets	353,914	369,064
Total assets	383,917	392,559
Other liabilities		7,536
Total liabilities		7,536
Net assets		
Invested in capital assets - net of debt	353,914	369,064
Unrestricted	30,003	15,959
Total net assets	\$ 383,917	\$ 385,023

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$14,044 for the governmental activities. This represents an increase in net assets of approximately 88%. The current level of unrestricted net assets for our governmental activities stands at \$30,003, or about 27% of expenditures. This is within the targeted range set by the Authority Board during its last budget process.

Bellevue Community Fire Control Board

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2008

The following table shows the changes of the net assets as of March 31, 2008 to the prior year:

	Year ended March 31, 2008
<u>Program revenues</u>	
Charges for services	\$ 18,088
<u>General Revenue</u>	
Investment income	124
Contributions	2,192
Capital grants	1,200
Contributions from participating units	84,901
Gain on sale of capital assets	1,551
<u>Total Revenues</u>	<u>108,056</u>
<u>Program expenses</u>	
Public safety	109,162
<u>Total expenses</u>	<u>109,162</u>
<u>Change in net assets</u>	<u>\$ (1,106)</u>

Governmental Activities

Expenses decreased by \$3,008 over the previous year. General Fund actual revenues exceeded budgeted revenues by \$1,114 or 1%. General Fund actual expenditures were less than budgeted expenditures by \$32,888, or 35%.

The Authority's Funds

Our analysis of the Authority's major fund begins on page 8, following the entity wide financial statements. The fund financial statements provides detailed information about the General Fund, not the Authority as a whole. The Authority Board has the ability to create funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Authority's major fund for March 31, 2008 was the General Fund.

Capital Asset and Debt Administration

During the year, the Authority added \$9,172 to capital assets. This represents a purchase of an air bag. At March 31, 2008, the Authority had \$353,914 invested in fire trucks and equipment.

Bellevue Community Fire Control Board

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2008

Economic Factors and Next Year's Budgets and Rates

The Authority's management does not expect the Authority's budget for the next fiscal year to change significantly from its March 31, 2008 budget.

Contacting the Authority's Management

This financial report is intended to provide our citizens, customers and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority's Secretary/Treasurer at 115 East Jackson, Bellevue, MI 49021.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Bellevue Community Fire Control Board

Eaton County, Michigan

Statement of Net Assets

For the year ended March 31, 2008

		Governmental activities
<u>ASSETS</u>		
Cash and cash equivalents	\$	30,003
Capital assets - net		353,914
TOTAL ASSETS	\$	383,917
<u>NET ASSETS</u>		
Invested in capital assets	\$	353,914
Unrestricted		30,003
TOTAL NET ASSETS	\$	383,917

The Notes to the Financial Statements are an integral part of this statement.

Bellevue Community Fire Control Board

Eaton County, Michigan

Statement of Activities

For the year ended March 31, 2008

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities
Primary government					
Governmental activities					
Public safety	\$ 109,162	\$ 18,088	\$ 2,192	\$ 1,200	\$ (87,682)
General Revenues					
Unrestricted investment income					124
Gain on sale of capital assets					1,551
Contributions from participating units					84,901
Total general revenues - special items and transfers					86,576
Change in net assets					(1,106)
Net assets at beginning of year					385,023
Net assets at end of year					\$ 383,917

The Notes to the Financial Statements are an integral part of this statement.

Bellevue Community Fire Control Board

Eaton County, Michigan

Governmental Funds

Balance Sheet

March 31, 2008

General Fund		
<u>ASSETS</u>		
Cash	\$	30,003
<u>LIABILITIES AND FUND EQUITY</u>		
FUND EQUITY		
Undesignated	\$	30,003

The Notes to the Financial Statements are an integral part of this statement.

Bellevue Community Fire Control Board

Eaton County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended March 31, 2008

Total fund balances - total governmental funds		\$	30,003
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:			
Capital assets at cost			448,479
Accumulated depreciation			(94,565)
Net capital assets			353,914
Net assets of governmental activities		\$	383,917

The Notes to the Financial Statements are an integral part of this statement.

Bellevue Community Fire Control Board

Eaton County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2008

General Fund	
REVENUE	
Federal grants	\$ 1,200
Charges for services	18,088
Interest on investments	124
Contributions from local units	84,260
Contributions and donations	2,192
Sale of capital assets	1,551
Insurance recoveries	641
TOTAL REVENUE	108,056
EXPENDITURES	
Public safety	94,012
NET CHANGE IN FUND BALANCES	14,044
FUND BALANCES, BEGINNING OF YEAR	15,959
FUND BALANCES, END OF YEAR	\$ 30,003

The Notes to the Financial Statements are an integral part of this statement.

Bellevue Community Fire Control Board

Eaton County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended March 31, 2008

Net change in fund balances - total governmental funds	\$	14,044
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.		
		9,172
Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(24,322)
Change in net assets of government activities	\$	(1,106)

The Notes to the Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

Bellevue Community Fire Control Board

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bellevue Community Fire Control Board conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Bellevue Community Fire Control Board:

A. Reporting Entity

The governing body of the Bellevue Community Fire Control Board has five members. Each of the four participating members appoints one member from their governing bodies. The fifth member is appointed from the participating members' governing bodies on a rotational basis. The Authority has no component units, entities for which the government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Bellevue Community Fire Control Board has no proprietary funds. The Authority has no fiduciary funds.

Bellevue Community Fire Control Board

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2008

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Bellevue Community Fire Control Board

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2008

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

All trade receivables are shown net of allowance for uncollectible amounts.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Fire trucks	15 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Bellevue Community Fire Control Board

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2008

NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Authority normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Authority Secretary/Treasurer submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Authority hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Authority Board.

Budgeted amounts are presented as originally adopted, or as amended by the Authority Board before March 31. The budget was amended once during the year.

Budgets as presented for the General Fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Authority Board throughout the operating year.

The Authority legally adopts budgets for the General Fund.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Authority Board.

The legal level of control is at the activity level of the General Fund.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the fund level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Bellevue Community Fire Control Board

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Bellevue Community Fire Control Board to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Bellevue Community Fire Control Board Board has designated one bank for the deposit of Authority funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Bellevue Community Fire Control Board's deposits and investment policy are in accordance with statutory authority.

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories:

		Governmental activities
Cash and cash equivalents	\$	30,003

The bank balance of the Authority's deposits is \$30,003, of which \$30,003 is covered by federal depository insurance and \$0 is uninsured and uncollateralized. The Authority's deposits were in Hastings City Bank.

Bellevue Community Fire Control Board

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2008

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance April 1, 2007	Additions	Disposals	Balance March 31, 2008
Capital assets being depreciated:				
Vehicles	\$ 432,632	\$	\$	432,632
Equipment	6,675	9,172		15,847
Subtotal	439,307	9,172		448,479
Accumulated depreciation:				
Vehicles	69,798	23,266		93,064
Equipment	445	1,056		1,501
Subtotal	70,243	24,322		94,565
Net capital assets being depreciated	\$ 369,064	\$ (15,150)	\$	353,914

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

Public safety	\$ 24,322
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NOTE 5 - RISK MANAGEMENT

Bellevue Community Fire Control Board is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Bellevue Community Fire Control Board has purchased commercial insurance for all claims and participates in the Michigan Municipal Risk Management Authority for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS

The Authority has no post-retirement benefit plans.

REQUIRED SUPPLEMENTAL INFORMATION

Bellevue Community Fire Control Board

Eaton County, Michigan

General Fund

Balance Sheet

March 31, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 30,003	\$ 23,495
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES		
Accrued wages payable	\$ -	\$ 7,536
FUND BALANCES		
Undesignated fund balance	30,003	15,959
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,003	\$ 23,495

Bellevue Community Fire Control Board

Eaton County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008 with comparative actual amounts for 2007

	Original budget	Final budget	Actual	Variance with final budget	2007
REVENUES					
Federal grants	\$ -	\$ -	\$ 1,200	\$ 1,200	\$ 3,900
Charges for services	20,000	20,000	18,088	(1,912)	19,266
Interest and Rentals					
Interest on investments	750	750	124	(626)	3,098
Other Revenue					
Contributions from local units	84,000	84,000	84,260	260	84,800
Contributions and donations	-	-	2,192	2,192	-
Sale of capital assets	-	-	1,551	1,551	-
Insurance recoveries	-	-	641	641	-
Total Other Revenue	84,000	84,000	88,644	4,644	84,800
TOTAL REVENUES	104,750	104,750	108,056	3,306	111,064
EXPENDITURES					
Fire department					
Salaries	36,750	36,750	30,000	6,750	30,732
Payroll taxes	-	-	2,227	(2,227)	2,351
Supplies	4,250	4,250	5,432	(1,182)	3,159
Contractual services	33,700	33,700	29,043	4,657	28,141
Utilities	5,200	5,200	4,385	815	3,562
Repairs	4,500	4,500	6,461	(1,961)	7,540
Capital outlay	32,800	42,500	16,464	26,036	92,549
Total Fire department	117,200	126,900	94,012	32,888	168,034
NET CHANGE IN FUND BALANCES	(12,450)	(22,150)	14,044	36,194	(56,970)
Fund balance at beginning of year	15,959	15,959	15,959	-	72,929
Fund balance at end of year	\$ 3,509	\$ (6,191)	\$ 30,003	\$ 36,194	\$ 15,959

AUDITORS' REPORTS

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board
Bellevue Community Fire Control Board
Eaton County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bellevue Community Fire Control Board for the year ended March 31, 2008, and have issued our report thereon dated July 14, 2008. Professional standards require that we provide you with the following information related to our audit

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 13, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on .

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Bellevue Community Fire Control Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the lives of capital assets is based on management's experience and estimates. We evaluated the key factors and assumptions used to develop the lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of risk management in Note 5 to the financial statements. The Authority is exposed to various risks related to property loss, torts, errors and omissions and employee injuries. The Authority is covered by insurance through the MCM Group..

To the July 14, 2008 Board
Bellevue Community Fire Control Board
Eaton County, Michigan

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments (Corrected and Uncorrected Misstatements)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 14, 2008.

Management Consultations With Other Independent Accountants

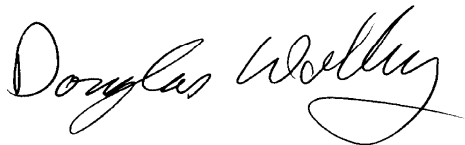
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board and management of Bellevue Community Fire Control Board and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Grand Rapids, Michigan
July 14, 2008